



STATE OF NEW YORK

December 7, 2001

GEORGE E. PATAKI
GOVERNOR

Dear Congressman Dingell:

As you commence negotiations on the Medicaid provisions in the economic stimulus package, I would like to express my strong support for a temporary increase in the federal medical assistance percentage (FMAP). It is crucial for New York and all states that this provision be included in the final legislation.

In particular, H.R. 3414, introduced by Congressmen Peter King and Sherrod Brown, which is backed by the entire New York Congressional Delegation and Senator Clinton and Senator Schumer, would provide fiscal relief to New York State and its local governments, as well as provide an economic stimulus for the entire Nation. This proposal calls for a 2 percent increase in the FMAP for all states and an additional 2.5 percent increase for states that have a weighted unemployment rate that is higher than the national average.

The economic impact of the September 11 terrorist attacks is unparalleled in the State's history. The destruction in lower Manhattan disrupted or eliminated revenue streams that support the day-to-day functions of the State. Our current analysis demonstrates that New York could experience revenue losses of as much as \$9 billion over the next 18 months (representing a 7.4 percent reduction in general fund receipts in SFY 01-02 and as much as 15 percent on SFY 02-03).

In addition, Medicaid costs continue to make up a large portion of our State budget. Since September 11, we have enrolled over 100,000 individuals and families in the Disaster Medicaid program. We anticipate that the majority of these individuals will transfer to the regular Medicaid program or Family Health Plus. This growing demand will provide additional fiscal pressure on the State. Furthermore, I support the inclusion of a moratorium on the implementation of a new Center for Medicare and Medicaid Services regulation that will restrict State payments to public hospitals currently allowed under the 150 percent Medicare upper payment limit (UPL).

The growing state budget shortfalls in nearly every state will continue to be a major drag on economic recovery. I urge that the final economic stimulus package build upon the existing federal-state partnership by including a temporary increase in the FMAP and delaying the implementation of the new UPL regulation until January 2003.

Very truly yours,

Honorable John D. Dingell
United States Representative
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